

PERSONAL FINANCE COURSE

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SIMPLE INSTRUCTIONS AND
ADVICE ON HOW TO MAN-
AGE YOUR HOUSEHOLD AND
PERSONAL FINANCES



BOOK TWO

HOW TO MANAGE A SAVINGS BANK
ACCOUNT

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By WESLEY W. FERRIN

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PERSONAL FINANCE COURSE

BOOK TWO

HOW TO MANAGE A SAVINGS BANK ACCOUNT

Why You Should Have a Savings Bank Account

Every person who wishes to save money for future uses should have a savings bank account.

In the first place, the habit of putting by even the smallest sum with some degree of regularity as a means of accumulating a larger sum, is a habit that, once formed, will continue thru life.

The development of the habit of saving is almost certain to make a person economical, thrifty, self-respecting, and able to take care of himself.

The opposite habit, that of never saving at all, leads to extravagance and to actual poverty.

How to Teach Your Children to Maintain Savings Bank Accounts

Do you wish your children to grow up extravagant, careless in money matters, and likely to be destitute in old age? Certainly not! You wish them to be self-respecting, and self-supporting,—people of means.

One of the best possible ways to teach a child how to save money is to create a savings bank account for the child.

A young father and mother were very fond of a baby boy, but had no thoughts of creating a savings

bank account for the boy. It happened that one of the relatives gave the child three silver dollars. Another relative sent \$5.00 as a birthday present on the child's first birthday. At that particular moment, the local savings bank happened to advertise that it would give a steel savings box to any parent who wished to accumulate money for a child. The parents procured one of the boxes, placed in it the three silver dollars and a five dollar gold piece. Then, almost by accident, there slowly accumulated a fund of pennies. When the box became heavy they took it to the bank and deposited the few dollars. Unconsciously they gained the saving habit, and had the happiness of watching pennies grow into \$50.00, the fifty into a hundred and the hundred, in the course of years, into over three thousand dollars. By that time the boy had grown old enough to learn how to save, and he took up the work where the parents had left it, and became thrifty and provident.

How to Conduct a Savings Bank Account for a Child

Of course, from the very day your child is born you are interested in its happiness. Since this is so, before six months have passed, go to a savings bank and begin an account, in your child's name, even if you can deposit only small sums from time to time.

The very fact that you begin such an account, and that you continue it from month to month, will set

you to thinking sharply concerning your child's future welfare, and will be likely to save considerable money.

As the child develops intelligence, you will tell it about the savings bank account, will explain the method of making deposits, and will take the child into your confidence. Thus, little by little, unconsciously, the child develops a habit of thrift that will last a lifetime, and that may lead to a successful financial career.

Some savings banks encourage saving by children by providing, free of charge, small safes in which money may be placed. Such safes can be opened only by the bank. Another form of encouragement toward saving is provided by banks in schools. When a child has deposited as much as five dollars in the school bank the savings bank with which the school bank is connected, opens a regular savings account with the child.

Encourage your child to save money in any way, and especially to patronize school savings banks.

The Method in Detail

1. In opening a savings bank account for a child, tell the bank that the account is to be for your child.
2. Insist that the account shall be made out in the name of the child.
3. Add your name as that of parent, or guardian, or trustee, as the case may be. Thus you have legal control of the account, which, at the same time, you hold in the child's name.

A Child May Have Its Own Account

When your child becomes old enough to read and write, and to transact a small amount of business, encourage the child to maintain a personal savings bank account.

1. Let your son or daughter go to the bank and ask to open an account in his or her own name.
2. The young person will sign a signature card exactly as an adult would do.
3. The account is absolutely at the disposal of the one who opens it, and the depositor may withdraw it at any time.

Such an account maintained by a boy or girl creates a genuine feeling of independence. If the maintenance of the account is properly supervised by a wise and kindly parent, it leads to the development of real business sense, and to the improvement of character. Because of such an account the child will grow into a better citizen.

How to Open a Savings Bank Account for Yourself

Before opening a savings bank account for yourself make some investigation of the several savings banks in which it would be convenient for you to maintain accounts.

Some banks pay a slightly higher rate of interest than others. Some banks make a strong appeal to

popular favor. Some banks are near and convenient. Some have a better reputation than others.

1. Don't place your deposits in the first savings bank that attracts your attention.
2. Investigate the bank in which you propose to make deposits, just as you might expect any wise business man to investigate any investment.

A young married woman who had a source of small income outside of the money given her by her husband, believed that she would enjoy having a savings account of her own. Money came to her from the sale of a house, at other times from the sale of farm products, and a small amount from a will. Instead of going to the first savings bank that she might have thought of, one comparatively near her house, she wrote to every savings bank in her vicinity. She found, as a result of such investigation, that in one particular bank she could not only gain a high rate of interest, but find unusually courteous treatment.

She opened an account in that bank, and maintained the account during a period of years with the greatest pleasure, her relations with the bank becoming more and more delightful as she became acquainted with its officials. Through that bank she felt that she had gained a new freedom. It was worth more to her than the interest she gained on her deposits:

The Signature Card

When you have told the bank officials that you wish to open an account they will ask you to write your signature in a book, or on several cards. The writing of this signature is a matter of the greatest importance.

1. Write your name as you usually write it.
2. Write with the sort of pen that you are accustomed to use.
3. Do not write your name under any conditions that will not usually exist, such as wearing gloves; writing when the hand is cramped with cold; or writing when your hand or a finger has been injured.
4. If you are a married woman, write your own first name, and your husband's last name. Thus, if your husband's name is "Thomas Randall," and your first name is "Louise," do not write "Mrs. Thomas Randall." Write "Louise Randall."
5. If you write a signature card for a child, sign the child's name first, and then sign your name afterward, giving your authority for signing.

Arthur Train, by George L. Train, Parent.
--

Arthur Train, George L. Train, Guardian.

Arthur Train, George L. Train, Trustee.
--

6. At any time thereafter, in transacting business in relation to the child's account, write the full signature exactly as you wrote it in the books, or on the cards.

Means of Identification

At the time when you open the account, the bank will ask you for your name, your address, your age, whether you are married, or not married, and sometimes for other means of identification.

The object of this is to give the bank intimate information that will be likely to be known only by yourself and that will make it difficult for anyone to impersonate you and thereby withdraw your deposits fraudulently.

Individual Accounts May Be Maintained

It is possible for a person under 21 years of age, or for any adult man or woman, to open and maintain a savings bank account.

When such an account has been opened, the account belongs absolutely to the depositor, and cannot be withdrawn without his consent, or without the consent of his official representatives or heirs, in case of his death.

A savings bank account maintained by a husband or

a wife alone gives a marked degree of independence.

A married woman particularly gains a sense of real independence by keeping a savings bank account. She may thereby accumulate money for definite purposes, and be free to spend it for herself without feeling that she is drawing on funds for the family, or making any sudden demand for money. For the making of gifts, and the purchase of personal luxuries every woman needs such a private account, kept for herself alone.

Joint Accounts May Be Maintained

It is also a pleasant thing for a man and his wife to control a savings bank account in partnership,—that is to hold a joint account.

In such a case, both work toward one object, perhaps the purchase of some needed article for the home, the saving of money that will tide the household over periods of sickness or trouble, or the saving of money for the education of children.

Nothing is more pleasant than such an amiable partnership for a definite purpose, in which both persons are seriously and deeply interested.

When a joint savings bank account is to be maintained both persons must sign their names on the records of the bank.

The account, necessarily, is open to the demand of either person, with or without consent of the other. Therefore, no one should enter a joint account unless

he has supreme confidence in the person with whom he is to hold the account.

The Savings Bank Book

When you have signed your signature cards and made the necessary arrangements with the bank, you will be given a savings bank book, a small account book that can be carried in the pocket.

Such a book contains a small number of blank pages, giving space for the entry of all deposits, of all withdrawals, and sometimes special columns for recording the payment of dividends.

Your bank book at any time will show you exactly how much you have on deposit.

THE ELKHORN COUNTY SAVINGS BANK									
In Account With <u>THOMAS RANDALL</u>									
Date		Deposit		Dividend		Balance		Withdrawn	
1919	5/1					\$ 93.28			
	5/4					14.28			
	7/15			\$.28		14.56			
	9/24	\$27.50				42.06			
	11/6	20.63				62.69			
1920	1/20			.55		63.24			
	5/3	20.63				83.87			
	7/21			1.26		85.13			
	9/22	27.50				112.63			
	11/3	20.63				133.26			

A Page from a Savings Bank Book

The foregoing transcript from a savings bank book shows how clearly such a book presents every transaction and how it shows the deposits, the dividends, and the balance after every transaction.

What It Means to Watch a Savings Bank Account Grow

It is a great pleasure, particularly if your savings bank book is neatly ruled for dates, deposits, dividends, balances and withdrawals,—as in the example just given,—to watch the development of a savings bank fund.

At a single glance you can tell the dates on which money has been deposited, the amount of interest received from the bank, the total balance on hand, and the dates and amounts of withdrawals.

You may maintain a savings bank book thru a number of years, and its various pages will tell you a most interesting story of your own economy and purposeful effort.

If you are particularly interested in a savings bank fund, such as you may hold in the interests of a child, the bank will allow you, when your book has been filled, to retain the book as a souvenir of your efforts. In such a case, the bank will stamp the cover and every page of the book with the word, "Void" and return it to you.

Present the Bank Book for Every Transaction

Every time you deposit money, and every time you withdraw money, either in person or thru the agency of someone else, present the bank book so that the bank clerks may make the proper entries.

The Savings Deposit Slip

When you deposit money in a savings bank, first fill out properly and neatly the paper slip calling for the date, your name, and the nature and the amount of your deposit. Place this and your deposit in your book and present both to the receiving teller, who will enter in your book the amount deposited.

The Savings Bank Book Contains the Special Rules of Your Bank

Inside the covers of your bank book you will find printed the few rules that govern the management of an account in that particular bank, and also the form of an order or draft on the bank, to be used when you cannot make a draft in person.

1. Read the rules thoroly.

2. Make sure that you understand every rule.

On the following page is a specimen of information for depositors.

The Bank Will Pay Interest on Deposits

Savings banks pay dividends or interest on deposits that have been maintained for a space of six months.

INTEREST. We pay, every six months, such interest as the profits allow on five dollars and upwards. Interest is added to principal on January 1st, and July 1st.

Deposits made on or before the 10th day of January, and remaining in Bank on the 1st day of July, will be entitled to six months interest.

Deposits made on or before the 3rd day of April, and remaining in Bank on the 1st day of July, will be entitled to three months interest.

Deposits made on or before the 10th day of July, and remaining in Bank on the 1st day of January, will be entitled to six months interest.

Deposits made on or before the 3rd day of October, and remaining in Bank on the 1st day of January, will be entitled to three months interest.

Some banks credit interest on the first day of January and of July in each year, such interest being payable on and after the 15th day of the months named.

Other banks declare dividends of the income or profits on the third Mondays of January and July, but different institutions have different rules.

Withdrawal Often Means Loss of Interest

Money withdrawn before the time when sums of interest or dividends are credited will earn nothing.

A young wife who had started savings accounts for each of her children, accumulated from time to time an amount of money sufficient to buy small investments of the first mortgage certificate type. Thus

when she had accumulated as small an amount as one hundred dollars, she withdrew it and bought certificates.

The first time that she withdrew money she failed to notice the interest date and withdrew her one hundred dollars only a few weeks before interest would be credited. The closeness of the time led her to notice what she had done. Thereafter she never withdrew money at any time when it would mean a loss of interest. In a period of ten years she estimated that she had saved for her children, by this method alone, quite a respectable sum of money.

1. Notice the dates on which interest will be credited.
2. Avoid withdrawing money, when the withdrawal will mean a loss of interest.
3. Avoid interfering in any way with a savings account.
4. Remember that any withdrawal of money means a withdrawal from the first deposits that you made, and that it means the consequent loss of interest on the sum withdrawn.

How to Set Your Money at Work at Once

The rules of banks vary, but all savings banks have some such rules as the following:

"All sums deposited on the 3rd Monday in January, April, July and October go immediately on interest. Deposits made after the 3rd Monday in January, April, July and October will not commence drawing interest until the beginning of the following quarter."

1. Notice when money will begin drawing interest.
2. Make your deposits so that your money will be placed immediately on an interest basis.

The bank will enter in your bank book, whenever you present it after the regular interest date, the amount of interest that may have been placed to your credit.

Remember that Savings Banks Limit Interest Accounts

Savings banks do not pay interest on all sums that you choose to deposit. Some banks will not pay interest on sums less than \$5.00, nor will they pay interest on any excess of \$3,000.00 in a single account.

Interest Is Compounded

The interest paid by a savings bank is added to the principal of the depositor, and earns the same rate of interest that the principal earns. Therefore, an undisturbed account increases greatly from year to year, because it earns compound interest.

\$100.00 on deposit, at 4% compound interest, in 20

years becomes \$219.11, more than double the original deposit!

How to Save Money for Your Children

Suppose you are able in the first year of your child's life, to save \$100.00 for the benefit of the child. Every year thereafter you deposit in the savings bank \$100.00. If you continue the account for 20 years, and continue regular yearly deposits of \$100.00, you will have deposited \$2,000.00. In the meanwhile every deposit will have been earning interest, and at the end of 20 years, you will have on deposit, not \$2,000.00, but \$3,096.97—a sum sufficient to be of great advantage to a son or daughter just entering upon mature life. If you deposit \$200.00 yearly you will have at the end of twenty years \$6,193.94.

Certainly, you owe it to your child to save money, when the saving may be done so easily, with such great results.

Why Accounts Must Be Kept Alive

It is possible for a savings bank account to “keep alive” for 22 years, constantly compounding interest, even if no deposits and no withdrawals have been made during all that time, after the original deposit. At the end of that period, however, interest may cease.

For the avoidance of difficulties, keep all savings accounts active, even tho you deposit only small amounts from time to time.

If you permit a savings account to remain inactive for several years, you not only violate the principle that calls for regularity in saving, but you expose yourself to possibility of loss.

Sometimes Banks Demand Notice of Withdrawal

In order to protect the interests of all their depositors savings banks do not give the absolute right to withdraw money in any amount and at any time without notice.

A servant girl whose father and mother lived in Norway, accumulated from year to year a sum of money sufficient both to defray her expenses to Norway and return, her expenses while there, and a very large gift to her father and mother. She kept her money intact in a savings bank. She bought her ticket to Norway, packed her trunk and made every arrangement to sail. On the day before she was to board the steamer, she went to the bank to withdraw the total amount of her savings. It happened at the time that other people had made large demands on the bank. Accordingly, in self defense, the bank had posted a notice demanding written notice of withdrawal. The girl was angry and alarmed, and was put to some trouble before she could obtain her money. She should have done as anyone else should do who wishes to withdraw any large amount from a savings bank. She should have given notice beforehand to the bank.

As a matter of fact, any savings bank will pay immediately any ordinary demand, but the bank has the right to demand three months notice, in writing of the intention to withdraw money.

You Cannot Draw Checks on Savings Accounts

A savings bank account is not open to the drawing of checks upon it.

The object of a savings bank is to give the opportunity for placing money where it will be safe and where it will earn a reasonable interest. If the account were open to checking, the bank, being obliged to maintain a large amount of cash on hand, would be unable to invest the larger part of its deposits, and would be able to earn a much smaller amount of interest for the depositors.

You May Make Drafts on a Savings Bank

You may withdraw money from a savings bank:

1. By presenting your bankbook and by signing a receipt, which the bank will make out for you;
2. By drawing a draft on the bank;
3. By authorizing some person, by means of a letter of an attorney duly authenticated, to withdraw the money for you.

In all such transactions the bankbook must be presented.

The usual forms of such drafts are as follows:

Form for the Personal Withdrawal of Money

Received from

OPEQUAN SAVINGS BANK

Signature

Entered by.....

Paid by.....

Amount Drawn \$.....

Book No.....

Date

Signature

Present Address

Form 2

Draft for the Withdrawal of a Part of a Deposit

To

The Treasurer of the Elkhorn County Savings Bank,
Elkhorn, Texas.

.....19.....

Sir

Please pay to....., or bearer,
.....Dollars, on presenting
my pass-book No..... and charge the same to
my account.

.....

Witness to signature,

.....

Draft Withdrawing the Entire Account

To

The Treasurer of the Elkhorn County Savings Bank,
Elkhorn, Texas.

.....19.....

Sir

Please pay to....., or bearer,
on presenting my pass book No.....all the moneys
that may be deposited, together with the interest that
may have become due on account of said book.

.....

Witness to signature,

.....

Why Savings Accounts Are Safe in Case of Death

In case of the death of a person who has maintained a savings account, the money goes to his legal heirs, or to persons to whom he may have given it by will. The only formality necessary is the presentation of the authoritative papers to the bank.

1. If you have become entitled to the account of a deceased person, write at once to the bank, and ask exactly what steps are necessary.

How to Deposit Money by Mail

Depositing money in a savings bank by mail is exceedingly simple. In fact, about all that is necessary is to mail a letter containing the money, or an order for it.

Depositing money by mail is the most convenient method of depositing, and it may be followed with absolute safety.

A lawyer, living in a large city, recently told one of his friends that he has not visited the bank in which he keeps his deposits, for some years. He makes all his deposits promptly by mail, and he has his checks for ready money cashed elsewhere than at the bank. He maintains a safe deposit box at a place near his office. He says that by mailing all his deposits he avoids standing in line, avoids a thousand delays, makes his deposits with the utmost promptness, and saves an immense amount of time.

If you deposit money by mail, you will be able to carry deposits in out of town banks where you may obtain a higher rate of interest than in the banks near to you.

Even if you deposit money in local banks by mail you save time and annoyance.

Send your deposit by any of the following methods.

1. By a Post Office Money Order.
2. By an Express Money Order.
3. By a Bank Draft.
4. By Registered Mail.
5. Send your check on a local bank in which you have an account.
6. Send your passbook with any deposit made by mail, but send it by registered mail.
7. If you do not send the passbook with a

deposit made by mail, you will receive a receipt for every remittance.

8. At least once in every three months send these receipts, with your book, to the bank so that proper entries may be made.

When to Seek Other Investments

When your account reaches the limit on which the savings bank will pay interest,—usually \$3,000.00,—seek some form of investment for the total amount, usually \$3,000.00, up to the limit set by the bank.

How to Earn as Much as Possible on Your Money

Do not let your money lie in a savings bank at 3%, 3½% or 4% interest, when you can just as well earn, with safety, 4½% or 5½% on your money.

A woman who lived in a small country village kept a maximum amount on deposit in a savings bank in a city not far from her home. On this money she gained only a small rate of interest, but she believed the money perfectly safe. This was in the days before the present good laws that govern savings banks. The bank in which she had trusted failed, and she lost a large part of her money. —But—even if a bank is not likely to fail, it is foolish to keep large amounts on deposit at low rates of interest, when you can just as easily obtain safety and a higher rate of interest.

A Form for Use in Having Interest Entered

MAILING CARD

No.....

Receipt by the Bank of this card and your Pass Book will be considered a request on your part that all unentered interest be entered and the book promptly returned to you at the address given below.

Postage for return of Pass Book should be enclosed.

We suggest February and August as good months in which to have entries made.

Money may be drawn as usual.

Use the card and save your time and car-fare.

.....
Name

.....
Street and No.

.....
City and State

(Be sure the above address is correct before mailing)

Do not Fold. Keep with Pass Book except when depositing or drawing money in person.

May be enclosed with any communication requiring an answer

A Specimen Form for Use in Depositing Money

Received by	DEPOSITED IN	Posted by
	GORHAM SAVINGS BANK	
By		
Book number..... Date.....192.....		
Present Address		
Bills		
Coin		
Form I		

Another Common Form for Use in Depositing Money

DEPOSIT PASS BOOK NUMBER <hr/> NAME <hr/>			
<div style="border-bottom: 1px solid black; height: 140px; width: 100%;"></div>	Bills	Dollars	Cents
	Check	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>
	Silver	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>
	Gold	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>
	Total	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>

As soon as you accumulate \$500.00 in a savings bank, unless you have some good reason for maintaining the fund, invest your money in securities, such as Guaranteed First Mortgage Certificates, which may be obtained for \$1000.00, and in higher denominations of even hundreds. These certificates, described more fully under the head of mortgages, give you at any time an immediate, safe and profitable means of investment. They may be obtained from almost any of the title and mortgage companies.

Why Savings Banks Are Secure

So much depends upon the security of savings banks that the laws of different States guard such banks very jealously.

While the laws differ somewhat in different States, and while different banks pay different rates of interest, nearly all savings banks offer a safe and secure investment for money.

Nevertheless, many savings banks have failed, and savings banks, like individuals differ.

Why You Should Deposit Your Money Where It Will Be Safe

Go to the office of the County Surrogate, and ask him to designate in what banks or trust companies it would be legal for you to invest trust funds. He, or someone in his office, may also, purely as a matter of personal and private information, give you

valuable information concerning different banks in which funds may be invested.

In this way, you will not deposit your funds in a bank of which you know nothing. You will be fully informed from the start.

Why You Must Not Lose Your Savings Bank Pass Book

If you look in the advertising columns of any large city newspaper, you will see some such advertisement as the following:

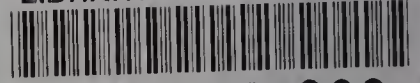
"LOST": Pass Book X-3426

R. A. Rathburn
Elkhorn Savings Bank
Elkhorn, Texas.

Payment stopped. Please return book to
bank."

You will not be put to the necessity of advertising a lost pass book, if you lock your savings bank book securely in a strong-box or in a private drawer, and if you send it, when necessary, to the bank by registered mail.

LIBRARY OF CONGRESS



0 040 055 302 6